Supreme Court U.S.
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No. 01-1158

In the Supreme Court of the United States

JAZZ PHOTO CORPORATION AND DYNATEC INTERNATIONAL, INC., PETITIONERS

v.

FUJI PHOTO FILM CO., LTD. ET AL.

ON PETITION FOR A WRIT OF CERTIORARI TO THE UNITED STATES COURT OF APPEALS FOR THE FEDERAL CIRCUIT

MEMORANDUM FOR THE FEDERAL RESPONDENT

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QUESTION PRESENTED

Whether the patent law doctrine of exhaustion, which holds that the first sale of a patented article "exhausts the monopoly in that article and the patentee may not thereafter, by virtue of his patent, control the use or disposition of the article," *United States* v. *Univis Lens Co.*, 316 U.S. 241, 250 (1942), applies when the patentee first sells the article in a foreign country.

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Petitioners are in the business of purchasing used disposable cameras, refurbishing those cameras, and importing them for sale to consumers. See Pet. 4. Respondent, a leading manufacturer of disposable cameras, filed a complaint with the United States International Trade Commission (ITC) alleging that petitioners' importation of refurbished disposable cameras infringes its patents. Pet. 3. Before the ITC, petitioners did not dispute that the challenged disposable cameras would infringe respondent's patents if those cameras were being newly manufactured. Petitioners, however, relied on the affirmative defense of permissible "repair," which allows a product's owner to repair that product without infringing the patent holder's rights. Pet. 4, 7. The ITC agreed with respondent, holding that the changes made in the course of refurbishing the used cameras were so exten-

sive that petitioners were "effectively recreating" the patented invention. Pet. App. 127a; see *id.* at 32a n.4. Accordingly, pursuant to Section 337 of the Tariff Act of 1930, 19 U.S.C. 1337 (1994 & Supp. V 1999), the ITC issued a General Exclusion Order that forbade cameras covered by respondent's patents from entering the United States for consumption. Pet. App. 160a-163a.

Petitioners sought review in the United States Court of Appeals for the Federal Circuit, which affirmed in part and reversed in part. Pet. App. 25a. Throughout the litigation, the parties focused on whether or not the cameras were permissibly repaired or were impermissibly recreated. The court of appeals held that the disputed cameras had been repaired, rather than reconstructed, but that the doctrine of "exhaustion" properly applies only to cameras "for which the United States patent right has been exhausted by first sale *in the United States*." *Id.* at 15a (emphasis added).

The parties had not briefed or raised any distinction between cameras that were first sold in this country and those first sold elsewhere (Pet. 6), and the distinction also was not raised in the ITC's investigation, hearing, initial decision, or final decision, Pet. 4. Nonetheless, that distinction's validity is the only question presented by the petition. Pet. i.

As a party in the proceedings below, the ITC is a respondent in this Court. See Sup. Ct. R. 12.6. The ITC, however, has not ruled on the issue of whether foreign sales exhaust domestic patent rights. Accordingly, the Commission does not take a position on whether review by this Court is warranted.

Respectfully submitted.

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